

INSPECTION REPORT

Partial Complete XXX Exploration
 Inspection Date: 07/10/2003 / Time: 9:40 AM-1:30 PM
 Date of Last Inspection: 06/11/2003

Mine Name: SUFCO Mine County: Sevier Permit Number: C/041/002
 Permittee and/or Operator's Name: Canyon Fuel Company, LLC.
 Business Address: 397 South 800 West, Salina, Utah 84564
 Company Official(s): Mike Davis
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: Sunny, clear, 70's to 90's Fahrenheit
 Type of Mining Activity: Underground XXX Surface Prep Plant Other
 Existing Acreage: Permitted 24632.95 Disturbed 27.364 Regraded Seeded
 Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:	<input checked="" type="checkbox"/>			
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

To date, the permittee has not made any progress in the preparation of a mitigation plan for the Link Canyon spring. The lack of information from the cattlemen interested in the spring is part of the problem. Mr. Lance Sudweeks, Range Conservationist with the USFS, is trying to obtain information from Mr. Russ Jensen of the cattlemen's association in order to develop the plan.

3. TOPSOIL

The drought that is prevailing across Utah is affecting the protective cover crop(s) on the site's topsoil storage piles.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The permittee performed the second quarter of 2003 impoundment inspections for the SUFCO site on June 11, 2003. Both the mine site pond and the waste rock/cleanout impoundment were noted as having no signs of instability or other hazardous conditions during the permittee's inspections.

There were no problems noted during today's field inspection with any of the site's impoundments.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

All of the silt fences that were inspected appeared to be capable of functioning as designed.

4D. HYDROLOGIC BALANCE: WATER MONITORING

Laboratory analysis sheets for the permittee's second quarter water monitoring requirements were reviewed. The May 29th sample for the SUFCO 007 sample reported a cation/anion balance of -7.2%. This is outside of the acceptable error range. All other analytical data reported acceptable cation/anion results.

Analytical results for water samples taken from the Link Canyon East and West portals on June 6, 2003 showed unusually high results for the total dissolved solids parameter as well as sulfate. TDS levels ranging from 2266 mg/l to 2577 mg/l. Sulfate levels were reported ranging from 1336 mg/l to 1601 mg/l. A total iron level of 2.34 mg/l was reported for the 06/06/2003 Link portal east sample.

Discharge monitoring reports for three-month period of March through May 2003 were reviewed. There were no exceedances reported with the exception of the two noted above.

The second quarter of 2003 bio-monitoring testing was conducted in June, with the test being initiated on June 9, 2003. All effluent dilutions successfully passed the mortality testing, using fathead minnows as the test animal. All laboratory testing was performed by W.E.T., Inc., of Salt Lake City, Utah.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

The permittee exceeded the thirty-day average and the maximum seven-day average for total suspended solids in the discharge volume flowing from UPDES point 002A (mine site sediment pond) during May by 6.3 and 10.6 mg/l respectively. The permittee provided the Division with

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written verification of the exceedances via a copy of the letter to the Utah Division of Water Quality on June 3, 2003. The letter was dated May 21, 2003. No compliance issues were noted, other than the parameter exceedances.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

Mr. Mike Davis performed the second quarter 2003 waste rock pile inspection for the permittee on June 11th and 23rd. Lift thickness was noted as being maintained at eighteen to twenty inches. There were no signs of structural weakness or instability noted. The report received a professional engineer's certification from Mr. Wes Sorensen on June 27, 2003.

As noted during today's field inspection of the waste rock site, the piles that were observed during the June inspection had been leveled and compacted and several new piles were observed. There was not any noncoal waste observed at the site. There were no visible signs of spontaneous combustion. The cable gate was secured.

18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

The underground section driving toward the Link Canyon portal broke through into the old mine on July 5, 2003. Mr. Davis indicated that the old entries are being re-supported with resin bolts and steel arches. It is not known how long it will take the permittee to rehabilitate the old entries such that vehicular access to the outside can be achieved.

There are three projects that the permittee will address when access to Link Canyon with material hauling equipment is achieved.

- 1) Additional gravel will be placed on the access/pad area to compliment the sediment control in that area.
- 2) The permittee will construct self-cleaning trash racks on the inlets of the dual 36-inch undisturbed bypass culvert.
- 3) The permittee will establish positive water flow out of the portals to ensure maintenance of the riparian area below the disturbance. This will be done by constructing dams and/or seals underground to raise the water level to the necessary volume to ensure positive flow, per the approved plan.

20. AIR QUALITY PERMIT

The permittee's sprinkling system that was reported as under going installation in the June inspection report was reported as being down this day. The failure of a pressure-reducing valve created at least two ruptures of the associated plumbing system. The permittee was in the process of repairing the system and re-evaluating its design during today's inspection. As such, the wetting of the paved truck loading area (tipple area) was not occurring. Mike Davis indicated the system would be repaired as soon as possible.

Inspector's Signature: _____ Date: July 16, 2003
Peter Hess #46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Ken May, Canyon Fuel, via email
Mike Davis, Canyon Fuel, via email
Price Field office

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